

## **Audit Committee minutes**

Monday 10 March 2014

### **Members**

Neil Masom	Non-executive Director (chair)
Ian Watmore	Non-executive Director
Roger Barlow	Independent Audit Committee Member

### **Attendees**

Daniel Benjamin	Director Corporate Services
Lesley Bett	Group Manager Information Governance (agenda item 8 only)
Louise Byers	Head of Good Practice (agenda item 8 only)
Helen Heywood	Temporary Head of Finance
Phil Keown	Grant Thornton
Howard Munson	Grant Thornton
James Edmands	National Audit Office
Henry Young	National Audit Office
Peter Bloomfield	Senior Corporate Governance Manager (secretariat)

## **1. Introductions and apologies**

- 1.1. There were apologies from the Commissioner who was unable to attend the meeting. Helen Heywood, the interim Head of Finance, was welcomed to this, her first Audit Committee meeting at the ICO.

## **2. Declaration of interests**

- 2.1. There were no declarations of interest.

### **3. Minutes and action points from the Audit Committee meeting of the 2 December 2013**

- 3.1. The minutes of this meeting had been agreed in correspondence. They were presented for information.
- 3.2. There was one action outstanding for Daniel Benjamin to feedback to this meeting on retrospective approval for expenditure covered by MOJ controls prior to the controls being followed by the ICO. This action had been cleared and the NAO agenda item (no 11) covered the matter.

### **4. Director of Corporate Services update**

- 4.1. In the absence of the Commissioner this item was an opportunity for the Director of Corporate Services, Daniel Benjamin, to provide an update on issues affecting the office and his area of responsibilities.
- 4.2. Matters raised by Daniel Benjamin included:
  - 4.2.1. The recent election for the chair of the Article 29 Working Group.
  - 4.2.2. Project Eagle, the modified approach to handling data protection complaints and enquiries which would commence on 1 April.
  - 4.2.3. The recent and very successful Data Protection Practitioners' Conference. For the first time the ICO had charged a fee for attendance.
  - 4.2.4. Recent press related seminars linked to the Leveson Inquiry and report.
  - 4.2.5. The ongoing discussions with the Ministry of Justice (MOJ) on changes to ICO funding.
  - 4.2.6. Expected year end outturn.
  - 4.2.7. Accommodation issues.
  - 4.2.8. MOJ expense controls and the practicalities of managing approval for expenditure.
  - 4.2.9. Recruitment of a permanent Head of Finance.

#### Risk register

- 4.3. Executive Team had discussed risk for the new financial year and had identified three in the areas of budgeting (for 2015/16), succession planning and staff motivation.

- 4.4. The budgeting risk was considered to be an area of uncertainty across government. The Committee were also concerned that existing mitigations were not reflected in an improving risk status. It felt that the ICO was doing much to mitigate the risk.
- 4.5. The risk register was to come back to Executive Team shortly for consideration of mitigating actions and risk status, and a revised version would come to the April Management Board. Audit Committee views would be reflected.

**Action point 1: Peter Bloomfield to ensure that the risk register is discussed further at Executive Team and then Management Board in April.**

#### ICO Plan and Budget

- 4.6. The draft ICO Plan 2014-2017 and draft 2014/15 budget were also presented. Both were near finalisation.
- 4.7. The ICO Plan was commended for providing the ICO with clear objectives for the three years ahead.
- 4.8. Similarly presentation of the budget was liked. It was suggested, however, that having one indicator of efficiency would be useful. The ICO had cleared more work with reduced resources and if an overarching indicator could be constructed it would allow the ICO to demonstrate the totality of what had been done over the last few years in becoming more efficient.

**Action point 2: Daniel Benjamin to consider development of an overarching ICO efficiency indicator.**

## **5. Audit Committee annual report**

- 5.1. Peter Bloomfield presented a draft Audit Committee Annual Report for 2013/14. Elements will need to be updated at the next meeting in light of internal audit and external audit reports.
- 5.2. Suggested amendments included reflecting the recent re-tendering of the internal audit function in the document, and the forthcoming change of Committee chair in June.

**Action point 3: Peter Bloomfield to revise the draft accordingly and to amend further as information firms up in the areas of audit reports etc, ensuring as near final a draft as possible comes to the June Audit Committee.**

## **6. Governance Statement**

- 6.1. Peter Bloomfield presented the draft Governance Statement for the Commissioner to make in the ICO's Annual Report and Accounts for 2013/14. Again elements will need to be updated to reflect internal and external audit reports.
- 6.2. The draft was liked by the Committee. There were concerns about how attendance at the Committee was reflected as one percentage figure, and a need for further consideration of references to risk was needed; especially in the areas of budgeting and staff motivation.
- 6.3. A need to refer to the recent review of corporate governance in the section on Board effectiveness was also highlighted.

**Action point 4: Peter Bloomfield to revise the draft to reflect discussion and, together with the Commissioner, to ensure that as near a final a draft as possible comes to the June Audit Committee.**

## **7. Planning for the Annual Report and Accounts**

- 7.1. Peter Bloomfield alerted members and auditors to the timetable and template which would be used to develop the Annual Report and Accounts for 2013/14. There had been minor changes made since the timetable had been tabled; putting the deadline for internal contributions back slightly. This had no impact on the NAO or on laying dates.
- 7.2. A change in approach this year was highlighted. The aim was to minimise the need for changes to the PDF version of the document; focus would be on getting the word version right. Doing so allowed time for substantive comments made at the June Audit Committee to be accommodated.

## **8. Integrated assurance update**

- 8.1. Louise Byers and Lesley Bett attended to provide the Committee with an update on the integrated assurance project. The recent exercise had focused on information governance and financial controls. Returns had been received from all departments. Responses had been honest and thoughtful. The exercise had also helped support the concept of information asset ownership in the office.
- 8.2. The results had been discussed at Leadership Group and examples of good practice shared. Lessons had also been

learnt from differing interpretations of some of the questions asked which had affected scoring. It was also noted that there was not a wide difference between the results for operational and support areas of the office.

- 8.3. A review in other areas was planned over the summer with the areas of information governance and financial controls being re-visited in the latter half of the year.
- 8.4. There was substantive discussion on how best to take integrated assurance forward, and the links to internal audit. The work done did provide assurance to management and also highlighted areas for internal audit to consider. These links needed to be explored during 2014/15 with the aim of creating a fully integrated assurance model for 2015/16.

**Action point 5: Daniel Benjamin to discuss the work needed on creating a fully integrated assurance model with Grant Thornton.**

## **9. Outstanding audit recommendations**

- 9.1. The register of outstanding internal audit recommendations was provided for information. There are just two audit recommendations relating to raising awareness of business continuity and IT disaster recovery. Both were overdue.
- 9.2. No recommendations had been added recently as recommendations were often cleared before the reports came to the committee. Reviews had also been back loaded towards the end of the year which had reduced the number of recommendations made.
- 9.3. The IT disaster recovery test planned for December had not taken place. A test was now planned for April. Delays had arisen due to the IT re-procurement last year. Similarly a test of the ICO's business continuity plan had not taken place due to resourcing issues.
- 9.4. Whilst the Audit Committee noted the general improvement in clearing audit recommendations quickly, in these two cases there did need to be management commitment to clearing the outstanding recommendations soon and if possible by the end of April.

**Action point 6: Daniel Benjamin to seek to ensure that the two outstanding recommendations were cleared as soon as possible.**

## 10. Internal audit

### Internal audit progress report

- 10.1. Grant Thornton presented their internal audit progress report. They would bring the outstanding internal audit reports to the June Committee meeting for consideration.

### Payroll and pensions review

- 10.2. This review had considered the controls and processes within the ICO prior to sending information to the payroll and pensions provider. There had been one medium and one low risk recommendation, both of which had been actioned.

### Debit and credit card payments in ICE review

- 10.3. During last year the ICO had begun to take card payments for notification fees. This review had focused on the internal processes and controls in place. There were two recommendations, one medium and one low risk.
- 10.4. There were concerns that the management response to recommendation 1, relating to the reporting capabilities of the IT system, was more of an interim response. Grant Thornton would check the position during April.

**Action point 7: Howard Munson to review the status of the recommendation that all ICE functionality issues should be logged with the project team with resolution dates agreed, and to report back to Audit Committee in June.**

### Governance and decision making review

- 10.5. This review was advisory and had involved discussion with senior managers including some of the non-executives and the Commissioner. In light of the nature of the review it was recognised that tracking actions against the recommendations would be difficult in most cases. Grant Thornton therefore intended to re-visit the recommendations in a year or so and review progress. In addition including the recommendations within the annual self assessment of the ICO's committees was proposed.
- 10.6. The review had led to constructive recommendations, and reflected the maturity of corporate governance at the ICO.

**Action point 8: Howard Munson to schedule in re-visiting the recommendations in 2015/16.**

**Action point 9: Peter Bloomfield to copy the review to all of the non-executives and to ensure discussion (as**

**part of the Audit Committee update) at the next Management Board.**

Draft IT service management review

- 10.7. The draft report was presented for information. It was noted that a finalised report would come to the next Audit Committee.

Internal audit plan 2014/15

- 10.8. Initial thoughts on areas for internal audit during 2014/15 were presented. The Committee was disappointed that a full plan had not been provided and the ICO and Grant Thornton would seek to firm up a plan, before April if possible, and provide it to Audit Committee members for comments by correspondence.

**Action point 10: Daniel Benjamin to arrange for a draft internal audit plan to be circulated to Audit Committee members prior to the end of March if possible.**

**11. External audit**

- 11.1. The NAO presented their audit progress report. Headlines from work to date included identification of two cases where an incorrect notification fee might have been paid; improvements to the management accounts process identified (including reporting on an accruals rather than cash basis), use of Government Procurement Cards (GPCs) to top up Oyster cards, and retrospective approval of MOJ financial controls.
- 11.2. In respect of the use of GPCs to top up Oyster cards, it was noted that in doing so the ICO was following good procurement practice and there was a 100% check on card bills via line managers.
- 11.3. The apportionment model would be reviewed as part of the final audit.

**12. Any other urgent business**

- 12.1. There was no other business.